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Letter dated 31 January 2003 from the Chairman of the Security Council Committee established pursuant to resolution 1373 (2001) concerning counter-terrorism addressed to the President of the Security Council

The Counter-Terrorism Committee has received the attached report from the Marshall Islands, submitted pursuant to paragraph 6 of resolution 1373 (2001) (see annex).

I should be grateful if you could arrange for the present letter and its annex to be circulated as a document of the Security Council.

(*Signed*) Jeremy **Greenstock**
Chairman
Counter-Terrorism Committee

03-24142 (E) 130203

Annex

Note verbale dated 13 January 2003 from the Permanent Mission of the Marshall Islands to the United Nations addressed to the Chairman of the Security Council Committee established pursuant to resolution 1373 (2001) concerning counter-terrorism

The Permanent Mission of the Republic of the Marshall Islands presents its compliments to the Chairman of the Counter-Terrorism Committee of the Security Council and has the honour to submit the response of the Government of the Republic of the Marshall Islands to Security Council resolution 1373 (2001) of 28 September 2001 with regard to efforts being made by States to combat terrorism (see enclosure).

Enclosure

Response of the Republic of the Marshall Islands to the implementation of United Nations Security Council resolution 1373 (2001)

Introduction

The Republic of the Marshall Islands (RMI), a group of atolls located in the North Pacific Ocean, is a sovereign country in free association with the United States. The population of RMI is approximately 65,000.

The financial system in RMI is a relatively small one, with total banking system asset of $87.2 million and total deposit of $77.4 million. Structurally, the industry comprises of three banks[1] -- two of which are FDIC (Federal Deposit Insurance Corporation) covered and therefore subjected to the stringent AML requirements of the U.S. Bank Secrecy Act and the Patriot Act--, a government owned development bank whose primary function is to render development lending in government prioritized sectors, and several low-volume insurance agencies that primarily sell policies on behalf of foreign insurance companies.

The financial sector is highly monetized with domestic deposit exceeding 50% of Gross Domestic Deposit. In realization of the country's vulnerability to systemic shock in the financial sector, the Government had introduced a reform program geared toward enhancing transparency, accountability and good governance. Amongst other initiatives, the reform program calls for the establishment of the requisite infrastructure for detecting, preventing, and combating money laundering.

Background

Following FATF's (Financial Action Task Force) June 2000 designation of the Marshall Islands as non-cooperative jurisdiction in the international efforts to combat money laundering, GRMI enacted an Anti-money Laundering legislation that addressed most, if not all the concerns raised by FATF. The law, which was enacted in October 31 2000 criminalizes money laundering, requires institutions to undertake vigilance in customer identification and record keeping as well as suspicious transaction reporting. The law additionally establishes regulatory authority within the Banking Commission, relaxes secrecy obligations under all laws of RMI, and provides mechanisms for forfeiture and confiscation of tainted assets, exchange of information and international cooperation.

In September 2002, amendments were made to the Anti-money laundering Act, to remove the $10,000 threshold for transaction record keeping and to provide for the reporting of large currency transactions (over $10,000) and civil money penalty. Implementing regulations have been promulgated and have also accounted for the latest amendments to the AML law.

[1] One of the three banks, Bank of Hawaii, is currently winding up its operation in the Marshall Islands. The voluntary liquidation is in its advance stage and should be completed by the end of the year.

Specific Initiatives

Since passage of its AML law and the subsequent promulgation of implementing regulations, the RMI has undertaken a number of initiatives to further strengthen its AML regime. Some of these are highlighted below:

REGULATORY FRAMEWORK

The main focus of the Republic of the Marshall Islands in 2002 was to establish an effective regulatory scheme to implement the Banking Amendment Act. The Commissioner of Banking and members from the Office of Attorney General worked with the FDIC to draft a set of regulations that provide the criteria and standards for reporting and compliance as required under the Act. The regulations, codified on May 27, 2002, and slightly amended September 2002, are modeled after the anti-money laundering regulations established in the United States and Australia. The regulations include the following: 1) ownership control reporting requirements for financial institutions and cash dealers; 2) establishment of written anti-money laundering policies, appointment of compliance officers within each financial institutions and cash dealers, and training programs by financial institutions and cash dealers; 3) record keeping requirements for accounts; 4) record keeping requirements for transactions; 5) suspicious transaction reports; 6) cash transaction reports; and 7) civil monetary penalties.

To date, the Banking Commission has issued two sets of advisories on suspicious transaction reporting and large currency transaction reporting. The Advisories are accompanied by reporting forms and instructions that mirrors those used in the United States. As a supplement to the Advisories, Guidelines on customer due diligence and record keeping have also been issued to the industry. The United Nations Drug Control and Crime Prevention Program provided technical Assistance on the framing of the Guidelines.

Additionally, the Banking Commission and the Attorney General's Office worked with FDIC on the formulation of a set of examination policies and an examination procedures manual. Both sets of documents are being used by examiners from the Banking Commission as guides in the on-site reviews of bank's and financial institutions' compliance with the AML law and regulations.

FINANCIAL INTELLIGENCE UNIT

RMI's financial intelligence unit is now fully operational and has formally entered the Egmont Group of FIUs. FIU processes – receiving, analyzing, and dissemination of financial intelligence -- have been streamlined. Standard Operating Procedures have been established to systemize the FIU process. An electronic database that is Excel-based has been created and all disclosures from the financial industry are recorded and analyzed electronically. With the recently secured Technical Assistance from the United States Department of State, the database will be upgraded to enable remote on-line access by all members of the FIU.

At present, the FIU database stands at 1,500 CTRs, 5 SARs, and several in-bound and out-bound request for assistance.

COMPLIMENTARY LAWS

1. At its meeting on 8 August 2002, the Cabinet approved (C.M. 111(2002)) the enactment of the following legislations to implement the Honiara Declarations and the U.N. Resolution 1373: **(1) Mutual Assistance in Criminal Matters Act, 2002 (2) The Controlled Substance Act, 2002 (3) The Transnational Extradition and Transfer of Convicted Persons Act of the Year 2002 (4) The Foreign Evidence Act, 2002 (5) The Omnibus Counter-Terrorism Act, 2002.**

While not a signatory to the Vienna Convention, the RMI is moving forward to enact legislations envisaged under the Convention. In October 2002, RMI's Parliament has enacted a Proceeds of Crime Act, Foreign Evidence Act, Mutual Assistance in Criminal Matters Act, and a Counter-Terrorism Act.

RATIFICATION OF INTERNATIONAL CONVENTIONS

Approval of the ratification of all 12 UN Counter Terrorism Conventions have been obtained from both the Executive and the Legislative branches. RMI is party to 6 of the 12 conventions and protocols (which are civil aviation and maritime conventions): **(1) The International Convention on Offences and Certain Other Acts Committed on Board Aircraft (2) The Convention for the Suppression of Unlawful Seizure of Aircraft (3) The Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation (4) The Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation (5) The Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation (6) The Protocol for the Suppression of Unlawful Acts against the Safety if Fixed Platforms located on the Continental Shelf.** RMI's Parliament, Nitijela, recently passed resolutions in its last sitting session of January 2002 approving the ratification of the remaining 6 counter-terrorism conventions. Currently arrangements are being made to deposit instruments of accession to **1) The International Convention for the Suppression of the Financing of Terrorism 2) The International Convention for the Suppression of Terrorist Bombings 3) The Convention on the Marking of Plastic Explosives for the Purpose of Detection 4) The Convention on the Physical Protection of Nuclear Weapons 5) The International Convention against the Taking of Hostages and 6) The Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons, including Domestic Agents.**

INTERNATIONAL COOPERATION

In June 2002, the Marshall Islands DFIU, after being sponsored by the United States, was granted full membership in the Egmont Group. Membership in the Egmont Group is highly valued by the Marshall Islands because it enables the DFIU to develop communications with other financial intelligence units (FIUs). In fact, the benefits of membership have already occurred. Australia is seeking to sign an information sharing agreement with the Marshall Islands.

During that same period, the Marshall Islands also became a member of the Asia/Pacific Group on Money Laundering. The Marshall Islands looks forward to using the Asia/Pacific Group to develop and strengthen its ties with the other member states in the region.

RMI is also a founding member of the recently established Pacific Islands Financial Supervisors, a group of regulators from the PIF (Pacific Islands Forum) countries that will be representing the region in the Basel Group.

ON-SITE EXAMINATION

Since the establishment of the statutory and regulatory framework, the Banking Commission has conducted on-site examinations of financial institutions and cash dealers. The examination process comes in three part: (1) Core Analysis, (2) Expanded Analysis, and (3) Impact Analysis. Core analysis has been completed for the all institutions and expanded analysis has commenced for one of the three banks. On-site examination for safety and soundness as well as for AML compliance has been made a routine task for the Commission and will be undertaken on a yearly bases.

THE WAY FORWARD

For the Republic of the Marshall Islands, effective implementation will be a key factor in the reform that is well underway.

Operative Paragraph 1

Sub-paragraph (a) What measures if any have been taken to prevent and suppress the financing of terrorist acts in addition to those listed in your responses to questions on 1(b) to (d):

1. In October 2000, RMI enacted it anti-money laundering legislation. This has served as the legislative basis for all anti-money laundering initiatives – including suppression of terrorist financing -- undertaken by the Republic. Among other things, the Act in effect: (a) criminalizes money laundering; (b) establishes requirements for customer identification and record keeping; (c) requires the reporting of suspicious transactions by financial institutions and cash dealers; (d) establishes supervisory authority with the Commissioner of Banking; (e) overrides any secrecy obligation; (f) establishes the means for freezing and forfeiture of assets in relation to money laundering; and (g) facilitates international cooperation and mutual assistance in deterring money laundering.

2. Through a Cabinet Directive (C.M. 236(2000)), RMI established its Financial Intelligence Unit in November 21, 2000. Formally called the Domestic Financial Intelligence Unit, the Unit is currently in full operation and is in constant contact with FinCEN and has formally entered the Egmont Group of FIUs. FIU processes – receiving, analyzing, and dissemination of financial intelligence -- have been streamlined. Standard Operating Procedures have been established to systemize the FIU process. An electronic database that is Excel-based has been created and all disclosures from the financial industry are recorded and analyzed electronically. With the recently secured Technical Assistance from the United States Department of State, the database will be upgraded to enable remote on-line access by all members of the FIU.

3. The Banking Commission's Advisory A-01 instructs banks and financial institutions to report to the Commission or the DFIU any suspicious transactions

or activities being transacted through or conducted within the institutions. Advisory A-02, issued in March 14, 2002, mandates the reporting of currency transactions exceeding $10,000.

4. Upon receipt of the OFAC List from the U.S. Embassy in Majuro, the Banking Commission had issued Advisory B-01, instructing banks and financial institutions to search their records for possible matches on the list and subsequently to freeze related accounts/transactions in case of positive match. The List was again updated on 27 September 2001, 18 October 2001, 28 December 2001, and 13 May 2002 through Advisory B-02, Advisory B-03, Advisory B-04 and Advisory B-05 respectively. Up till now, no match has been identified by financial industry and the Commission has advised the industry to enhance their customer due diligence process. Banks especially have been put on alert for possible transaction from each of the individual and organizations on the OFAC List.

5. Beginning in March 2002, the Banking Commission has commenced its periodic audit of Banks to ensure their compliance with the AML legislation. As part of this process, the examiners are required to look into the processes undertaken by the financial institutions in compliance with Advisory B. The Commission is satisfied with the result of the audit, which utilizes examination procedures established by the Federal Deposit Insurance Corporation.

Sub-paragraph (b) – What are the offences and penalties in your country with respect to the activities listed in this sub-paragraph? '(b) Criminalize the willful provision or collection, by any means, directly or indirectly, of funds by their nationals or in their territories with the intention that the funds should be used, or in the knowledge that they are to be used, in order to carry out terrorist acts"

1. Terrorism and terrorist financing are not specifically criminalized under existing RMI laws; However, certain acts which may be integral to terrorism and terrorist financing have been criminalized under the Criminal Code and the AML legislation. At present, the RMI relies on its Criminal Code and Banking Act – within which the AML legislation is incorporated – for administrative and criminal sanctions related to terrorism.

2. The CT legislation, which will criminalize terrorism and define criminal and administrative sanctions to impose for such act, is being submitted to the Nitijela for enactment during its 24th Regular Session, which is currently on break and is expected to resume on 12 September 2002.

Sub-paragraph (c) – What legislations and procedures exist for freezing accounts and assets at banks and financial institutions?

1. At present, the mechanism defined under the AML legislation may be utilized for freezing account/asset. Upon suspicion, the Commissioner of Banking or the Attorney General has a 24-hour window of opportunity for seizure and detention after which a court order is required.

2. Conviction is required for confiscation of assets. And either the Commissioner of Banking or the Attorney General is required to obtain a judicial order for any confiscation.

3. Section 8 of the Counter-Terrorism Act, 2002, states that

1. "Any person convicted of a terrorism offense shall be liable to forfeit to the Marshall Islands, irrespective of any other provision of law: (a) any property, real or personal, owned, possessed, or used by a person involved in the offense; (b) any property constituting, or derived from, and proceeds the person obtained, directly or indirectly, as the result of such offense; and (c) any of the property used in any matter or part, to commit, ort to facilitate the commission of, such offense;

2. Weapons of mass destruction, plastic explosives, and nuclear material shall be seized, confiscated and forfeited to the Marshall Islands; and the Attorney General shall provide for their destruction for their destruction or other appropriate disposition.

3. For the purpose of forfeiture proceedings under this section, a temporary restraining order and seizure warrant may be entered upon application of the Attorney General without notice or opportunity for a hearing when an information or complaint has not yet been filed with respect to the property, where there is probable cause to believe that the property with respect to which the order is sought would, in the event of conviction, be subject to forfeiture under this section and exigent circumstances exist that place the life or health of any person in danger.

4. The provisions of this section shall be implemented without prejudice to the rights of third parties acting in good faith.

5. The owner or possessor of any property seized under this section shall be liable to the Marshall Islands for any expenses incurred incident to the seizure, including any expenses relating to the handling, storage, transportation, and destruction or other disposition of the seized property."

Sub-paragraph (d)- What measures exist to prohibit activities in listed in this sub-paragraph? "Prohibit their nationals or any persons and entities within their territories from making any funds, financial assets or economic resources or financial or other related services available, directly or indirectly, for the benefit of persons who commit or attempt to commit or facilitate or participate in the commission of terrorist acts, of entities owned or controlled, directly or indirectly, by such persons and of persons and entities acting on behalf of or at the direction of such persons".

1. The Banking Commission relies on the OFAC list provided by the U.S. Embassy to advise and place the financial industry on alert.

Operative Paragraph 2

Sub-paragraph (a) – What legislation or other measures are in place to give effect to this sub-paragraph? "Refrain from providing any forms of support, active or passive, to entities or persons involved in terrorist acts, including by suppressing recruitment of members or terrorist groups and eliminating the supply of weapons to terrorists? In particular, what offences in your country prohibit (i) recruitment to terrorist groups and (ii) the supply of weapons to terrorists? What other measures help prevent such activities?

(i)

1. **Section 18 Subsection 2C of the Counter-Terrorism Act** states that "The Marshall Islands shall cooperate in the prevention of terrorism by exchanging accurate and verified information to provide early warning of possible terrorism, in particular conducting inquiries, with respect to terrorists and members of terrorist organizations, concerning (a) the identity, whereabouts and activities of persons in respect of whom reasonable suspicion exists that they engage in terrorism or are members of a terrorist organization, (b) the movement of funds linked to persons who engage in terrorism or are members of a terrorist organization;" and
2. **Subsection 2D** states that "The Marshall Islands shall cooperate in the prevention of terrorism by exchanging accurate and verified information to provide early warning of possible terrorism, in particular conducting inquiries, with respect to terrorists and members of terrorist organizations, concerning participation in research and development and exchange of information regarding methods of detection of cross border movement of terrorists and members of terrorist organizations, including detection of forged or falsified travel documents, traffic in arms, explosives, illicit drugs, contraband, or sensitive materials, and cross-border movement of nuclear, chemical, biological and other potentially deadly materials, or use of communications technologies by terrorist groups."
3. **Section 24** states that "All airlines, ships, and other entities that provide transportation, conveyance or freight services to and from the Marshall Islands shall be authorized and required to immediately report to the Attorney General through disclosure of passenger manifests and any other available means, the intended movement of suspected terrorists into or out of the Marshall Islands, and information regarding possible forged or falsified travel documents, traffic arms, explosives, illicit drugs, contraband, or sensitive materials, and cross-border movement of nuclear, chemical, biological and other potentially deadly materials."

(ii)

4. **Section 25** states that "Except as authorized by the Cabinet, any person who knowingly, by any means, directly or indirectly, develops, produces, ships, transports, transfers, receives, acquires, retains, possesses, imports, exports, or manufactures a weapons of mass destruction, commits a crime punishable by the penalties established by section 7 of this Act; provided, however, where such was done with the intent to engage in terrorism or with knowledge that the weapon of mass destruction is intended to be used for terrorism, the maximum fine shall be fifty million United States dollar (US$50,000,000) for natural persons and fifty million United States dollar (US$50,000,000) for legal persons. Any person who, without lawful authority expressly given by the Cabinet of the Marshall Islands, uses or deploys a weapon of mass destruction, commits a crime punishable by the penalties established by section 7 of this Act; provided, however the maximum fine shall be increased to $1,000,000,000 for natural persons and $10,000,000,000 for legal persons."

Sub-paragraph (b) – What other steps are being taken to prevent the commission of terrorist acts, and in particular, what early warning mechanisms exist to allow exchange of information with other states?

In the Counter-Terrorism Act 2002, Section 16 states that "The Attorney General, and other law enforcement authorities and officers of the Marshall Islands designated by the Attorney General shall have the authority to share and disclose intelligence information relating to terrorism, terrorist organizations, transnational organized crime, illicit drugs, money-laundering, illegal arms-trafficking, and illegal movement of nuclear, chemical, biological and other potentially deadly materials, and to provide early warning of such matters to the competent law enforcement authorities of (1) any foreign State, that is a State Party to an international terrorism convention in respect of which the Marshall Islands is also a Party; (2) any foreign State that is a member of the Pacific Islands Forum; (3) the United States, in accordance with the duties and responsibilities of the Marshall Islands under the Compact of Free Association with the United States; (4) any other foreign State that is a member of the United Nations."

Sub-paragraph (c) - What legislation or procedures exist for denying safe haven to territories, such as laws for excluding or expelling the types of individuals referred to in this sub-paragraph? It would be helpful if States supplied examples of any relevant action taken.

Section 17 of the Counter-Terrorism Act 2002 states that "The Republic of the Marshall Islands shall not grant refugee status or provide asylum or safe haven to any terrorist, or to any alleged offender.

Sub-paragraph (d) – What legislation or procedures exist to prevent terrorists acting from your territory against other states or citizens? It would be helpful if States supplied examples of any relevant action taken.

Section 18, Subsection 1 of the Counter-Terrorism Act 2002 states that "The Marshall Islands shall cooperate with the competent authorities of the United Nations and the Pacific Islands Forum in the prevention of terrorism by taking all practicable measures to prevent and counter preparations in the Marshall Islands for the perpetration of terrorism within or outside the territory of the Marshall Islands, including measures to prohibit illegal activities of persons and organizations that knowingly encourage, instigate, organize, finance, or engage terrorism."

Sub-paragraph (e) – What steps have been taken to establish terrorist acts as serious criminal offences and to ensure that the punishment reflects the seriousness of such terrorist acts? Please supply examples of any convictions obtained and the sentence given.

Section 7 of the Counter-Terrorism Act, 2002, states that:

1. Unless otherwise provided, any person convicted of an offense against this Act shall where no other punishment is prescribed be punishable by a term of imprisonment of not less than 30 years and maximum term of life, or a fine of notmore than USD$1,000,000; or both such term of imprisonment and a fine; provided that nay person convicted shall not be entitled to probation for an offence committed under this Act, and term of imprisonment imposed shall not run concurrently with any other term of imprisonment.

2. In lieu of the amount of the fine otherwise authorized by this Act, and in addition to any term of imprisonment, a defendant who derived profits or otherproceeds from a crime established by this Act may be liable to fine of not more than twice the gross profits or other proceeds, where the profits or proceeds from the offense exceed the maximum assessable fine.

3. A person commits a crime, punishable under the subsection (1), if that person knowingly:

(a) attempts, conspires, or threatens to commit;
(b) participates as an accomplice in;
(c) organizes or directs others to commit;
(d) contributes to the commission of;

any crime established by this Act.

4. Notwithstanding any provision of any other law, statute of limitation shall not apply in respect of a crime established under this Act.

5. Where there is reasonable ground to believe that detention of any person is necessary for the purpose of preventing such person from engaging in acts of terrorism; or to prevent any person from interfering with an investigation relating to suspected terrorism, any law enforcement officer, immigration officer, immigration officer, or customs official in the Marshall Islands shall have the powers to detain such person for a period of 48 hours for purposes of investigation; provided, however, such period of detention may be extended by court order for an additional 7 days, without the filing of criminal charges against such person.

6. The court, in imposing sentence on any person convicted of a terrorism offense, shall order, in addition to any other sentence imposed, that the person forfeit to the Marshall Islands all property described in section 8.

Section 8 of the Counter-Terrorism Act, 2002, states that

1. "Any person convicted of a terrorism offense shall be liable to forfeit to the Marshall Islands, irrespective of any other provision of law: (a) any property, real or personal, owned, possessed, or used by a person involved in the offense; (b) any property constituting, or derived from, and proceeds the person obtained, directly or indirectly, as the result of such offense; and (c) any of the property used in any matter or part, to commit, ort to facilitate the commission of, such offense;

2. Weapons of mass destruction, plastic explosives, and nuclear material shall be seized, confiscated and forfeited to the Marshall Islands; and the Attorney General shall provide for their destruction for their destruction or other appropriate disposition.

3. For the purpose of forfeiture proceedings under this section, a temporary restraining order and seizure warrant may be entered upon application of the Attorney General without notice or opportunity for a hearing when an information

or complaint has not yet been filed with respect to the property, where there is probable cause to believe that the property with respect to which the order is sought would, in the event of conviction, be subject to forfeiture under this section and exigent circumstances exist that place the life or health of any person in danger.

4. The provisions of this section shall be implemented without prejudice to the rights of third parties acting in good faith.

5. The owner or possessor of any property seized under this section shall be liable to the Marshall Islands for any expenses incurred incident to the seizure, including any expenses relating to the handling, storage, transportation, and destruction or other disposition of the seized property."

Sub-paragraph (f) – What procedures and mechanisms are in place to assist other states? Please provide any available details of how these have been used in practice.

Section 15 of the Counter-Terrorism Act 2002 states that (i) "The Attorney General may make a request on behalf of the Marshall Islands to the appropriate authority of a foreign State, or grant requests of a foreign State, for legal assistance in any investigation or proceeding relating to terrorism, or a terrorist organization. (ii) Mutual legal assistance provided under this Act shall be carried-out pursuant to and in accordance with the Mutual Assistance in Criminal Matters Act, 2002."

Sub-paragraph (g) – How do border controls in your country prevent the movement of terrorists? How do your procedures for issuance of identity papers and travel documents support this? What measures exist to prevent their forgery etc?

Section 23 of the Counter-Terrorism Act 2002 states that

1. The following persons shall be inadmissible to the Marshall Islands for purposes of immigration, or under a temporary visa of any kind, or otherwise, except for the purpose of the prosecution or extradition for a terrorist offense: (a) a foreign national (i) convicted of a terrorism offense; or (ii) who admits to having engaged in terrorism; or (iii) as to whom there is probable cause to believe such person has engaged in terrorism; (iv) who the Attorney General knows, or has reasonable ground to believe, is engaged in or is likely after entry, to engage in terrorism; or (v) who has used his or her position of prominence within any country to endorse or espouse terrorism, or to persuade others to support terrorism or a terrorist organization, in a way that the Attorney General has determined undermines the efforts of the Marshall Islands to reduce or eliminate terrorism; (vi) who is a representative of a terrorist organization, specified as such in regulations promulgated by the Minister or designated as a terrorist organization by the United Nations Security Council; or (vii) who is a representative of a political, social, or other similar group whose public endorsement of terrorism, or terrorist organizations, the Attorney General has determined undermines the efforts of the Marshall Islands to reduce or eliminate terrorism; (b) A foreign who the Minister, after consultation with the Attorney General, determines has been associated with a terrorist organization or terrorism and intends while in the Marshall Islands to engage solely, principally, or incidentally in activities that could endanger the welfare, safety, or security of the Marshall Islands.

2. A person who is the spouse or the child of an foreign national who is inadmissible under subsection 1, shall also be inadmissible, if the activity causing the foreign national to be found inadmissible occurred within the last 5 years.
3. Except as otherwise provided in this section, foreign nationals who are inadmissible under this section, shall be inadmissible to be admitted to the Marshall Islands for any purpose, except, when necessary for the purposes of prosecution or extradition for a terrorism offense.

Additionally, **Section 24 of the Counter-Terrorism Act** states that "All airlines, ships, and other entities that provide transportation, conveyance or freight services to and from the Marshall Islands shall be authorized and required to immediately report to the Attorney General through disclosure of passenger manifests and any other available means, the intended movement of suspected terrorists into or out of the Marshall Islands, and information regarding possible forged or falsified travel documents, traffic in arms, explosives, illicit drugs, contraband, or sensitive materials, and cross-border movement of nuclear, chemical, biological and other potentially deadly materials.

Operative Paragraph 3

Sub-paragraph (a) – What steps have been taken to intensify and accelerate the exchange of operational information in the areas of indicated in this sub-paragraph? "Find ways of intensifying and accelerating the exchange of operational information, especially regarding actions or movements of terrorist persons or networks; forged or falsified travel documents; traffic in arms, explosives or sensitive materials; use of communications technologies by terrorist groups; and the threat posed by the possession of weapons of mass destruction by terrorist groups".

Section 24 of the Counter-Terrorism Act 2002 states that "All airlines, ships, and other entities that provide transportation, conveyance or freight services to and from the Marshall Islands shall be authorized and required to immediately report to the Attorney General through disclosure of passenger manifests and any other available means, the intended movement of suspected terrorists into or out of the Marshall Islands, and information regarding possible forged or falsified travel documents, traffic in arms, explosives, illicit drugs, contraband, or sensitive materials, and cross-border movement of nuclear, chemical, biological and other potentially deadly materials.

Sub-paragraph (b) – What steps have been taken to exchange information and cooperate in the areas indicated in this sub-paragraph? "Exchange information in accordance with international and domestic law and cooperate on administrative and judicial matters to prevent the commission of terrorist acts".

Section 16 of the Counter-Terrorism Act 2002 states that: "The Attorney General, and other law enforcement authorities and officers of the Marshall Islands designated by the Attorney General shall have authority to share and Disclose intelligence information relating to terrorism, terrorist organizations, Transnational organized crime, illicit drugs, money-laundering, illegal arms-Trafficking, and illegal movement of nuclear, chemical, biological and other

potentially deadly materials, and to provide early warning of such matters to the competent law enforcement authorities of:

1) any foreign State, that is State Party to an international terrorism convention in respect of which the Marshall Islands is also a Party;

2) any foreign State that is a member of the Pacific Islands Forum;

3) the United States, in accordance with the duties and responsibilities of the Marshall Islands under the Compact of Free Association with the United States;

4) any other foreign State that is a member of the United Nations;

Sub-paragraph (c) – What steps have been taken to cooperate in the areas indicated in this sub-paragraph? "Cooperate, particularly through bilateral and multilateral arrangements and agreements, to prevent and suppress terrorist attacks and take action against perpetrators of such acts".

Currently arrangements are being made to deposit instruments of accession to 1) The International Convention for the Suppression of the Financing of Terrorism 2) The International Convention for the Suppression of Terrorist Bombings 3) The Convention on the Marking of Plastic Explosives for the Purpose of Detection 4) The Convention on the Physical Protection of Nuclear Weapons 5) The International Convention against the Taking of Hostages and 6) The Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons, including Domestic Agents.

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During that same period, the Marshall Islands also became a member of the Asia/Pacific Group on Money Laundering. The Marshall Islands looks forward to using the Asia/Pacific Group to develop and strengthen its ties with the other member states in the region.

Additionally, on 6 January 2003, a letter of agreement on combatting money laundering between the Government of the United States of America (USG) and the Government of the Republic of the Marshall Islands (GRMI) was signed. This project is designed to establish GRMI capability to (a) to detect and deter money laundering, (b) strengthen the operation of the Domestic Financial Intelligence Unit, (c) protect the confidentiality of the data disclosed to the Domestic Financial Intelligence Unit and (d) share financial intelligence with international administrative authorities. Actions to be taken include the purchase and installation of computer equipments that will be used for storage and analysis of financial disclosures from RMI's financial industry.

RMI is also a founding member of the recently established Pacific Islands Financial Supervisors, a group of regulators from the PIF (Pacific Islands Forum) countries that will be representing the region in the Basel Group.

Sub-paragraph (d) – What are your government's intentions regarding the signing and/or ratifying the conventions and protocols referred to in this sub-paragraph? "Become parties as soon as possible to the relevant international conventions and

protocols relating to terrorism, including the International Convention for the Suppression of Financing of Terrorism of 9 December 1999".

1. RMI is party to 6 of the 12 conventions and protocols (which are civil aviation and maritime conventions): **(1) The International Convention on Offences and Certain Other Acts Committed on Board Aircraft (2) The Convention for the Suppression of Unlawful Seizure of Aircraft (3) The Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation (4) The Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation (5) The Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation (6) The Protocol for the Suppression of Unlawful Acts against the Safety if Fixed Platforms located on the Continental Shelf.**

2. RMI's Parliament, Nitijela, recently passed resolutions in its last sitting session of January 2002 approving the ratification of the remaining 6 counter-terrorism conventions. Currently arrangements are being made to deposit instruments of accession to **1) The International Convention for the Suppression of the Financing of Terrorism 2) The International Convention for the Suppression of Terrorist Bombings 3) The Convention on the Marking of Plastic Explosives for the Purpose of Detection 4) The Convention on the Physical Protection of Nuclear Weapons 5) The International Convention against the Taking of Hostages and 6) The Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons, including Domestic Agents.**

3. At its meeting on 8 August 2002, the Cabinet approved (C.M. 111(2002)) the enactment of the following legislations to implement the Honiara Declarations and the U.N. Resolution 1373: **(1) Mutual Assistance in Criminal Matters Act, 2002 (2) The Controlled Substance Act, 2002 (3) The Transnational Extradition and Transfer of Convicted Persons Act of the Year 2002 (4) The Foreign Evidence Act, 2002 (5) The Omnibus Counter-Terrorism Act.**

Sub-paragraph (e) – Provide any relevant information on the implementation of the conventions, protocols and resolutions referred to in this sub-paragraph. "Increase cooperation and fully implement the relevant international conventions and protocols relating to terrorism and Security Council resolutions 1269 (1999) and 1368 (2001).

RMI is party to 6 of the 12 conventions and protocols (which are civil aviation and maritime conventions): **(1) The International Convention on Offences and Certain Other Acts Committed on Board Aircraft (2) The Convention for the Suppression of Unlawful Seizure of Aircraft (3) The Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation (4) The Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation (5) The Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation (6) The Protocol for the Suppression of Unlawful Acts against the Safety if Fixed Platforms located on the Continental Shelf.**

In its last sitting session of January 2002, RMI's Parliament passed resolutions approving the ratification of the remaining 6 counter-terrorism conventions. Currently arrangements are being made to deposit instruments of accession to

1) The International Convention for the Suppression of the Financing of Terrorism 2) The International Convention for the Suppression of Terrorist Bombings 3) The Convention on the Marking of Plastic Explosives for the Purpose of Detection 4) The Convention on the Physical Protection of Nuclear Weapons 5) The International Convention against the Taking of Hostages and 6) The Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons, including Domestic Agents.

The Counter-Terrorism Act 2002 is an act for the prevention and combating of terrorism in the Republic of the Marshall Islands, for international cooperation to combat threats to international peace and security caused by terrorist acts, and for related purpose. As such, actions called for in Security Council resolution 1269 (1999) and Security Council resolution 1368 (2001) are covered in the Act.

Sub-paragraph (f) – What legislation, procedures and mechanisms are in place for ensuring asylum seekers have not been involved in terrorist activity before granting refugee status. Please supply examples of any relevant cases.

Section 17 of the Counter-Terrorism Act 2002 states that "The Republic of the Marshall Islands shall not grant refugee status or provide asylum or safe haven to any terrorist, or to any alleged offender.

Section 23 of the Counter-Terrorism Act 2002 states that:
1. The following persons shall be inadmissible to the Marshall Islands for purposes of immigration, or under a temporary visa of any kind, or otherwise, except for the purpose of the prosecution or extradition for a terrorist offense: (a) a foreign national (i) convicted of a terrorism offense; or (ii) who admits to having engaged in terrorism; or (iii) as to whom there is probable cause to believe such person has engaged in terrorism; (iv) who the Attorney General knows, or has reasonable ground to believe, is engaged in or is likely after entry, to engage in terrorism; or (v) who has used his or her position of prominence within any country to endorse or espouse terrorism, or to persuade others to support terrorism or a terrorist organizatcn, in a way that the Attorney General has determined undermines the efforts of the Marshall Islands to reduce or eliminate terrorism; (vi) who is a representative of a terrorist organization, specified as such in regulations promulgated by the Minister or designated as a terrorist organization by the United Nations Security Council; or (vii) who is a representative of a political, social, or other similar group whose public endorsement of terrorism, or terrorist organizations, the Attorney General has determined undermines the efforts of the Marshall Islands to reduce or eliminate terrorism; (b) A foreign who the Minister, after consultation with the Attorney General, determines has been associated with a terrorist organization or terrorism and intends while in the Marshall Islands to engage solely, principally, or incidentally in activities that could endanger the welfare, safety, or security of the Marshall Islands.
2. A person who is the spouse or the child of an foreign national who is inadmissible under subsection 1, shall also be inadmissible, if the activity causing the foreign national to be found inadmissible occurred within the last 5 years.
3. Except as otherwise provided in this section, foreign nationals who are inadmissible under this section, shall be inadmissible to be admitted to the

Marshall Islands for any purpose, except, when necessary for the purposes of prosecution or extradition for a terrorism offense.

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Sub-paragraph (g) – What procedures are in place to prevent the abuse of refugee status by terrorists? Please provide details of legislation and/or administrative procedures, which prevent claims of political motivation being recognized as grounds for refusing requests for the extradition of alleged terrorists. Please supply examples of any relevant cases.

Section 17 of the Counter-Terrorism Act 2002 states that "The Republic of the Marshall Islands shall not grant refugee status or provide asylum or safe haven to any terrorist, or to any alleged offender.

Section 23 of the Counter-Terrorism Act 2002 states that

1. The following persons shall be inadmissible to the Marshall Islands for purposes of immigration, or under a temporary visa of any kind, or otherwise, except for the purpose of the prosecution or extradition for a terrorist offense: (a) a foreign national (i) convicted of a terrorism offense; or (ii) who admits to having engaged in terrorism; or (iii) as to whom there is probable cause to believe such person has engaged in terrorism; (iv) who the Attorney General knows, or has reasonable ground to believe, is engaged in or is likely after entry, to engage in terrorism; or (v) who has used his or her position of prominence within any country to endorse or espouse terrorism, or to persuade others to support terrorism or a terrorist organization, in a way that the Attorney General has determined undermines the efforts of the Marshall Islands to reduce or eliminate terrorism; (vi) who is a representative of a terrorist organization, specified as such in regulations promulgated by the Minister or designated as a terrorist organization by the United Nations Security Council; or (vii) who is a representative of a political, social, or other similar group whose public endorsement of terrorism, or terrorist organizations, the Attorney General has determined undermines the efforts of the Marshall Islands to reduce or eliminate terrorism; (b) A foreign who the Minister, after consultation with the Attorney General, determines has been associated with a terrorist organization or terrorism and intends while in the Marshall Islands to engage solely, principally, or incidentally in activities that could endanger the welfare, safety, or security of the Marshall Islands.
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3. Except as otherwise provided in this section, foreign nationals who are inadmissible under this section, shall be inadmissible to be admitted to the Marshall Islands for any purpose, except, when necessary for the purposes of prosecution or extradition for a terrorism offense.